

LITHEX RESOURCES LIMITED

ABN 97 140 316 463

Interim Financial Report for the Half-Year Ended 31 December 2014

The information contained in this report is to be read in conjunction with Lithex Resources Limited's 2014 Annual Report and any announcements to the market by Lithex Resources Limited during the half-year period ended 31 December 2014.

Directors' report

Your Directors submit the financial report for the company for the half-year ended 31 December 2014.

Directors

The names of the directors who held office during or since the end of the half-year:

Mr Jason Peterson - Non Executive Director

Mr Joe Graziano - Non Executive Director

Ms Paula Cowan - Non Executive Director (appointed 29 January 2015)

Mr Jack James - Non Executive Director (resigned 29 January 2015)

Review of Operations

RESULTS OF OPERATIONS

The loss after tax for the half-year ended 31 December 2014 was \$321,418 (31 December 2013: \$1,669,132).

HALF YEAR REPORT TO DECEMBER 2014

During the half year, Lithex Resources Limited ("Lithex" or "the Company") entered in to a binding Heads of Agreement ("HOA") with Livelynk Group Pty Limited and Zhenya Holdings Pty Limited to acquire the Mpire Media business ("Mpire Media"), which is an established performance-based marketing business functioning at the forefront of the internet arena with operations across key sectors, and international reach to over 180 countries and regions built upon its industry leading software platform, nxus.

The Company entered into a Share Sale and Purchase Agreement ("SPA") with Zhenya Holdings Pty Ltd to formalise the terms of the HOA. The SPA was subject to a number of conditions precedent by no later than 31 January 2015.

Whilst the parties had worked to satisfy a number of the conditions precedent, as announced on 3 November 2014, the Company requested that its securities be placed in voluntary suspension as it was not in a position to provide the market with an update on the Mpire Media transaction. Subsequent to period end, as announced on 15 January 2015, the Company, in conjunction with Livelynk Group Pty Ltd, terminated the SPA.

The Company completed a placement on 17 July 2014 of 14,152,950 shares to sophisticated investors to raise a total of \$283,059 ("Sophisticated Placement").

The Company undertook a fully underwritten rights issue at 2 cents per share ("Rights Issue"). The Company received valid acceptances on 16 September 2014 of 9,826,426 new shares raising \$196,529 during the period. The Rights Issue was underwritten by CPS Capital Group Pty Ltd, with a shortfall of 17,300,046 new shares placed by the underwriter on 10 October 2014 raising \$346,001. The Rights Issue raised \$542,530 (before costs).

Upon completion of the Sophisticated Placement and Rights Issue, a \$1.2 million secured loan agreement between the Company and Livelynk Group Pty Ltd, was executed. The loan is due for repayment on 31 March 2015. Interest at the rate of 7% per annum is attributable to the loan with effect from 1 January 2015.

In addition, agreement was reached in December 2014 for the Company to be reimbursed 50% of the costs incurred in relation to the transaction, amounting to \$165,000, with \$50,000 to be paid in January 2015 and the balance upon repayment of the loan on 31 March 2015. The Company confirms it received the initial \$50,000 on 20 January 2015.

During the half year, Lithex has continued a review and assessment of all tenements held, with an aim of reducing tenement expenditure commitments across the project portfolio balanced against the commercial prospectively of those tenements to align the value of the capitalised exploration expenditure presented in the financial statements and the fair value of the tenements. The remaining tenements were maintained in good standing during the half year.

On 29 January 2015, the Company announced changes to the Board of Directors with the resignation of Mr Jack James and the appointment of Ms Paula Cowan.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'Jason Peterson', with a stylized, wavy line extending from the end.

Jason Peterson

Director

Dated this 5th Day of March 2015

Auditor's Independence Declaration to the Directors of Lithex Resources Limited

In relation to our review of the financial report of Lithex Resources Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young



G Lotter
Partner
5 March 2015

Consolidated statement of comprehensive income

for the half-year ended 31 December 2014

	Note	Half-Year ended 31 December 2014 \$	Half-Year ended 31 December 2013 \$
Revenue		9,289	29,857
General and administrative expenses		(33,276)	(40,738)
Corporate expenses	6	(213,358)	(69,425)
Director fees		(60,000)	(78,874)
Insurance expenses		(7,150)	(9,868)
Employment expenses	7	(3,786)	(111,402)
Property expenses		-	(3,798)
Exploration expenses		(11,843)	(84,790)
Impairment loss		-	(1,290,963)
Other expenses		(1,294)	(9,131)
Loss before tax		(321,418)	(1,669,132)
Income tax expense		-	-
Loss after tax		(321,418)	(1,669,132)
Other comprehensive income/(expense) For the period, net of tax		-	-
Total comprehensive loss for the period		(321,418)	(1,669,132)
Total comprehensive loss attributable to members of the parent		(321,418)	(1,669,132)
Loss per share (cents per share)		(0.003)	(0.018)
Diluted loss per share (cents per share)		(0.003)	(0.018)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2014

		As at 31 December 2014 \$	As at 30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		339,565	1,163,874
Receivables and prepayments		25,106	12,576
Loan receivable	8	1,365,000	-
		1,729,671	1,176,450
Assets classified as held for sale		-	115,000
Total Current Assets		1,729,671	1,291,450
Non-Current Assets			
Property, plant and equipment		2,683	3,274
Total Non-Current Assets		2,683	3,274
TOTAL ASSETS		1,732,354	1,294,724
LIABILITIES			
Current Liabilities			
Trade and other payables		57,232	112
Other creditors		13,334	41,616
TOTAL LIABILITIES		70,566	41,728
NET ASSETS		1,661,788	1,252,996
EQUITY			
Issued capital	9	9,385,816	8,655,606
Other reserves		85,015	85,015
Accumulated losses		(7,809,043)	(7,487,625)
TOTAL EQUITY		1,661,788	1,252,996

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the half-year ended 31 December 2014

	Note	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total \$
Balance as at 1 July 2013		8,655,606	(5,615,880)	85,015	3,124,741
Loss attributable to members of the entity for the half year ended 31 December 2013		-	(1,669,132)	-	(1,669,132)
Total comprehensive loss for the half year		-	(1,669,132)	-	(1,669,132)
Balance as at 31 December 2013		8,655,606	(7,285,012)	85,015	1,455,609
Balance as at 1 July 2014		8,655,606	(7,487,625)	85,015	1,252,996
Loss attributable to members of entity for the half year ended 31 December 2014		-	(321,418)	-	(321,418)
Total comprehensive loss for the year		-	(321,418)	-	(321,418)
Transactions with owners in their capacity as owners					
Issue of share capital		825,588	-	-	825,588
Transaction costs		(95,378)	-	-	(95,378)
As at 31 December 2014		9,385,816	(7,809,043)	85,015	1,661,788

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the half-year ended 31 December 2014

	Note	Half-Year ended 31 December 2014 \$	Half-Year ended 31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(422,646)	(235,313)
Interest received		6,526	17,752
Exploration expenditure		(10,315)	(185,585)
Other receipts		2,763	43,947
Net cash utilised in operating activities		(423,672)	(359,199)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of exploration and evaluation assets		115,000	-
Loan made to Livelynk Group Pty Ltd		(1,200,000)	-
Net cash utilised in investing activities		(1,085,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	9	825,588	-
Payment of share issue costs	9	(141,225)	-
Net cash generated from by financing activities		684,363	-
Net decrease in cash held		(824,309)	(359,199)
Cash at beginning of financial period		1,163,874	1,664,506
Cash at end of financial half period		339,565	1,305,307

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2014

Note 1: Statement of significant accounting policies

This condensed interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Lithex Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The financial report was authorised for issue by the Directors on 5 March 2015.

The financial report is presented in the Australian currency.

a. Comparable interim period

The comparable period for this interim financial report is the Half-Year ended 31 December 2013. Certain prior period balances have been reclassified to conform to current year presentation.

b. Going concern basis of accounting

Notwithstanding the loss for the period, negative cash flow from operations and historical financial performance, the financial report has been prepared on a going concern basis. This assessment is based on cash at bank at balance date of \$339,565 cash (June 2014: \$1,163,874) and a cash receivable of \$1,365,000 from Livelynk Group Pty Ltd.

Note 2: Segment reporting

The Company consists of one business segment operating predominately in Australia and investing in mineral exploration and identification of potential mining assets for acquisition and development.

Note 3: Subsequent events

As announced on 15 January 2015, the Company, in conjunction with the vendor of Livelynk Group Pty Ltd, terminated the Share Sale and Purchase Agreement pursuant to which the Company was to acquire the Mpire Media business.

The secured loan agreement between the Company and Livelynk Group Pty Ltd remains in place with the \$1.2 million loan advanced by the Company falling due for repayment on 31 March 2015. Interest at the rate of 7% per annum is attributable to the loan with effect from 1 January 2015.

In addition, agreement has been reached for the Company to be reimbursed 50% of the costs incurred in relation to the transaction, amounting to \$165,000, with \$50,000 paid on 20 January 2015 and the balance upon repayment of the loan on 31 March 2015.

As announced on 29 January 2015, Ms Paula Cowan was appointed as a Non-Executive Director of the Company and Mr Jack James resigned from the position of Non-Executive Director.

Other than the event disclosed above there has not been in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that has not been disclosed elsewhere in this report, in the opinion of the directors of the company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Note 4: Contingent Liabilities & Commitments

There has been no change in commitments, contingent liabilities or contingent assets since the last annual reporting date.

Note 5: Dividends

No dividends have been paid or provided for during the half-year.

Note 6: Corporate Expenses

	Consolidated	
	Half-Year ended	Half-Year ended
	31 December 2014	31 December 2013
	\$	\$
Stock exchange fees	13,073	12,293
Company secretarial cost	24,000	45,720
Legal fees	57,528	4,789
Consultants	88,501	-
Other corporate expenses	30,256	6,623
	213,358	69,425

Corporate expenses have increased overall due to the increased costs associated with the proposed transaction with Livelynk Group.

Note 7: Employee Expenses

	Consolidated	
	Half-Year ended	Half-Year ended
	31 December 2014	31 December 2013
	\$	\$
Wages and salaries	-	92,908
SGC superannuation	-	11,849
Other employment expenses	3,786	6,645
	3,786	111,402

Employee expenses have decreased due to total number of employees being reduced to nil for the period ended 31 December 2014.

Note 8: Loans Receivable

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Secured loan	1,200,000	-
Reimbursement of transaction costs	165,000	-
	1,365,000	-

Per the terms of a Share Sale and Purchase Agreement between Livelynk Group Pty Ltd (the 'borrower') and Lithex executed on 9 July 2014, Lithex agreed to provide a loan to the borrower totalling \$1,200,000. Funds were advanced in two \$600,000 tranches on 11 August 2014 and 15 October 2014.

A separate general security deed was drawn up on 9 July 2014 between Livelynk and Lithex, whereby the borrower has agreed to give a security interest in the collateral (being all PPSA personal property and all other property) as security for the payment of the secured money and other obligations.

As announced on 15 January 2015, the Company, in conjunction with the vendor of Livelynk Group Pty Ltd, terminated the Share Sale and Purchase Agreement pursuant to which the Company was to acquire the Mpire Media business.

The secured loan agreement between the Company and Livelynk Group Pty Ltd remains in place with the \$1.2 million loan advanced by the Company falling due for repayment on 31 March 2015. Interest at the rate of 7% per annum is attributable to the loan with effect from 1 January 2015.

In addition, agreement was reached for the Company to be reimbursed 50% of the costs incurred in relation to the transaction, amounting to \$165,000, with \$50,000 paid in January 2015 and the balance upon repayment of the loan on 31 March 2015.

Note 9: Issued capital

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
135,632,437 (2014: 94,353,015) fully paid ordinary shares	9,385,816	8,655,606

Movement in Issued Capital

	31 December 2014 No.	31 December 2014 \$.	30 June 2014 No.	30 June 2014 \$.
a. Ordinary shares				
At the beginning of reporting period	94,353,015	8,655,606	94,353,015	8,655,606
Shares issued during the year				
- Placement to Sophisticated Investors at \$0.02	14,152,950	283,059	-	-
- Issued as per Rights Issue @ \$0.02	9,826,426	196,528	-	-
- Issued as per Rights Issue Shortfall @ \$0.02	17,300,046	346,001	-	-
Less Cost of capital	-	(141,225)	-	-
Add Cost of reimbursement	-	45,847	-	-
At reporting date	135,632,437	9,385,816	94,353,015	8,655,606

Terms and Conditions of Issued Capital

Ordinary Shares

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

Note 10: Related parties transactions

a) Key management personnel

Further to the Related Parties disclosed in the Annual Financial Statements for the year ended 30 June 2014, CPS Capital Pty Ltd, a related party of Mr Jason Peterson, a Director, provided Underwriting services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the underwriting agreement was \$32,552 (30 June 2014: nil), nil of which was outstanding at 31 December 2014 (30 June 2014: nil).

Automatic Registry Services Pty Ltd, a related party of Mr Jason Peterson, a Director, provided share registry services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the underwriting agreement was \$12,439 (30 June 2014: 1,945), nil of which was outstanding at 31 December 2014 (30 June 2014: \$617).

Palisade Business Consulting Pty Ltd, a related party of Mr Jack James, a Director, provided financial and associated services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the underwriting agreement was \$61,816 (30 June 2014: 17,932), \$8,067 of which was outstanding at 31 December 2014 (30 June 2014: nil).

Directors' declaration

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards AASB 134 : Interim Financial Reporting; and
 - b. give a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Jason Peterson

Director

Dated this 5th Day of March 2015

To the members of Lithex Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lithex Resources Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the 31 December 2014 Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lithex Resources Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lithex Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young



G Lotter
Partner
Perth

5 March 2015